

**CHAPTER 2. FINANCIAL STATEMENTS SUBMITTED TO THE
OFFICE OF MANAGEMENT AND BUDGET**

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CHAPTER 2. FINANCIAL STATEMENTS SUBMITTED TO THE OFFICE OF MANAGEMENT AND BUDGET

2.1 PURPOSE.

- 2.1.1 The purpose of this chapter is to report requirements for the quarterly and annual financial statements which are required to be submitted to the Director of the Office of Management and Budget (OMB) and to the Congress. The financial statements are in addition to the reports submitted to OMB for purposes of monitoring budget execution.
- 2.1.2 NASA's financial statements are prepared in accordance with policies prescribed by OMB. NASA follows OMB formats and instructions which provide a framework within which individual agencies submit information useful to the Congress, agency managers, and the public.
- 2.1.3 Basic statements shall be prepared in accordance with OMB and U.S. Treasury requirements. They should present summary or detailed information necessary to make the statements useful and comprehensive. Diligence should be taken to avoid placing too much detail in the body of the statements which cannot be easily understood. Where substantial detail is necessary to properly convey the information, the body of the statement should contain summary information and the detail should be reported in notes to the statements. The instructions provided in OMB Circular No. A-136, Financial Reporting Requirements, describe the level of information that should be presented for each of the basic statements.

2.2 AUTHORITIES AND REFERENCES.

- 2.2.1 Chief Financial Officers Act of 1990, Public Law 101-576, which establish Chief Financial Officers and requirements.
- 2.2.2 Government Performance and Results Act (GPRA) of 1993, Public Law 103-62, which addresses the need to measure performance against costs.
- 2.2.3 Reports Consolidation Act of 2000, Public Law 106-531, which provides for the consolidation of agencies financial statements to Governmentwide financial statements.
- 2.2.4 OMB Circular No. A-136, Financial Reporting Requirements, which provides guidance on how to prepare financial statements.
- 2.2.5 Treasury Financial Manual, Supplement 2 (TFM-S2), United States Standard General Ledger (USSGL), which provides accounting guidance, including the Standard General Ledger to be used in accounting for and reporting on U.S. Government activities.

- 2.2.6 Federal Accounting Standard Advisory Board (FASAB), which provides authoritative guidance to Federal agencies in defining accounting information to be included in the Financial Statements.

2.3 ROLES AND RESPONSIBILITIES.

- 2.3.1 NASA Headquarters, Office of the Chief Financial Officer (OCFO), will provide notification of actions needed to complete and verify various elements of the financial statements on a quarterly and an annual basis.
- 2.3.2 NASA CFO and Deputy CFO will complete financial statements at least quarterly and yearly.
- 2.3.3 NASA Centers and the NASA Shared Services Center (NSSC) will submit financial information to the OCFO in support of financial statement preparation.

2.4 REPORT REQUIREMENTS.

2.4.1 Major Components.

- A. NASA is required to submit the following statements quarterly and annually to OMB:

1. Balance Sheet.
2. Statement of Net Cost.
3. Statement of Changes in Net Position.
4. Statement of Budgetary Resources.

2.4.2 To Whom the Report Is Submitted. The report is submitted to:

Office of Management and Budget
New Executive Office Building
Resource Management Office
Washington, DC 20503

2.4.3 When the Report is due.

- A. NASA shall submit annual financial statements to OMB and Congress no later than 45 days after the end of the fiscal year. NASA shall submit unaudited interim financial statements to OMB, 21 calendar days after the end of each of the first three quarters of the fiscal year.

2.5 DEFINITIONS.

- 2.5.1 Balance Sheet. The balance sheet presents, as of a specific time, amounts of future economic benefits owned or managed by the reporting entity exclusive of items subject to stewardship reporting (assets), amounts owed

by the entity (liabilities), and amounts which comprise the difference (net position). Guidance on specific general ledger accounts comprising each line of the Balance Sheet can be located in the U.S. Treasury TFM-S2.

- 2.5.2 Statement of Net Cost. The Statement of Net Cost is designed to show separately the components of the net cost of the reporting entity's operations for the period. However, OMB recognizes that the organizational structure and operations of some entities are so complex that to fully display their sub-organizations' major programs and activities may require supporting schedules included in the notes to the financial statements to supplement the information in the Statement of Net Cost. By disclosing the gross and net cost of the entity's programs, the Statement of Net Cost provides information that can be related to the outputs and outcomes of the programs and activities. The Statement of Net Cost and related supporting schedules classify revenue and cost information by sub-organization or responsibility segment and, to the extent practicable, within each classification by major program (sub-organizations are considered to be generally equivalent to responsibility segments). Preparers of the Statement of Net Cost should present responsibility segments that align directly with the major goals and outputs described in the agencies strategic and performance plans.
- 2.5.3 Net Cost of Operations. The Statement of Net Cost and related supporting schedules should show the net cost of operations for the reporting entity as a whole and its programs and sub organizations. This can be accomplished by reporting by program: (1) the gross cost of goods and services provided to Federal Government agencies (intra governmental), (2) the gross cost of goods, services, transfers, and grants provided to the public, (3) related exchange revenues, (4) the excess of costs over exchange revenues (net program costs), (5) the costs that cannot be assigned to specific programs or outputs, and (6) the exchange revenues that cannot be attributed to specific programs and outputs. Guidance on specific general ledger accounts comprising each line of the Statement of Net Cost can be found in the U.S. Treasury TFM-S2.
- 2.5.4 The Statement of Changes in Net Position reports the change in net position during the reporting period. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations. The statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole. These components are also reflected as line items on the Balance Sheet. Budgetary appropriations received in this statement tie directly to the Statement of Budgetary Resources. The Net Cost of Operations line ties directly to the Statement of Net cost. Guidance on specific general ledger accounts comprising each line of the Statement of Changes in Net Position can be found in the U.S. Treasury TFM-S2.
- 2.5.5 Statement of Budgetary Resources. The Statement of Budgetary Resources (SBR) and related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the

period. It is the only financial statement exclusively derived from an entity's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. Information on the SBR should be consistent with budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF 133) and with information reported in the Budget of the United States Government. The SBR is an agency-wide report, which aggregates account-level information reported in the SF 133. Any material differences between comparable information contained in these three documents/reports must be disclosed in the footnotes to this statement. Recognition and measurement of budgetary information reported on this statement should be based on budget terminology, definitions, and guidance in OMB Circulars, as well as U.S. Treasury guidance.